

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04

NSAE-00 SIL-01 PA-01 PRS-01 USIA-06 SS-15 SP-02

OPIC-03 /063 W

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R 081913Z NOV 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 6194

INFO TREASURY WASHDC

ZEN ALL USCONS MEXICO POUCH

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EO 11652: N/A

TAGS: ELAB, CI, MX, US

SUBJECT: DON FIDEL TALKS TO AMBASSADOR LUCEY ON THE
ECONOMY AND LABOR PROBLEMS

1. SUMMARY. FIDEL VELASQUEZ, UNDISPUTED LEADER OF MEX-
ICAN LABOR, IN AN UNUSUALLY EXPANSIVE MOOD, TOLD AMBASS-
ADOR LUCEY THAT HE WILL CONTINUE TO SUPPORT JLP AUSTERE
ECONOMIC POLICIES THROUGH 1978 WITH CONTINUED WAGE RE-
STRAINT. HE HAD PRAISE FOR SOCIAL BENEFITS PRODUCED BY
IN-BOND BORDER INDUSTRIES PROGRAM BUT WOULD LIKE TO SEE
MORE CAPITAL INVESTMENT IN TRADITIONAL INDUSTRIES LESS
AFFECTED BY EXTERNAL MARKETS. HE REMINISCED ON HIS LONG
RELATIONSHIP WITH GEORGE MEANY, TALKED OF WAGE LEVELS IN
MEXICO AND EXPRESSED THE "HONOR AND PLEASURE" PRODUCED
BY FIRST COURTESY CALL OF A SITTING U.S. AMBASSADOR TO
HIS OFFICE IN HIS MORE THAN 40 YEARS AS SECRETARY GENERAL
OF THE CTM. END SUMMARY.

2. AMBASSADOR LUCEY, ACCOMPANIED BY THE LABATT, MADE
A CALL ON CTM GENERAL SECRETARY (AND UNDISPUTED LEADER
OF MEXICO'S ORGANIZED LABOR FORCES) FIDEL VELASQUEZ

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SANCHEZ ON OCTOBER 27 WHICH PRODUCED AN UNUSUALLY OPEN
OUTPOURING OF INFORMATION FROM THE AGED LEADER.

3. INITIAL STAGES OF THE HOUR-LONG SESSION WERE CONSUMED
WITH SNATCHES OF LABOR HISTORY AND DISCUSSION OF PRESENT
WAGE LEVELS OF MEXICAN WORKERS. FIDEL HAD FIRST MET
GEORGE MEANY OVER FIFTY YEARS AGO WHEN "HE ACCOMPANIED

SAMUEL GOMPERS ON ONE OF HIS FREQUENT VISITS TO MEXICO". HE AND MEANY HAVE MAINTAINED A "WARM AND PRODUCTIVE RELATIONSHIP SINCE THAT TIME. MEANY CANNOT PRESENTLY VISIT MEXICO CITY BECAUSE OF THE PROBLEM WITH THE ALTITUDE", BUT FIDEL HOPES HE WILL BE ABLE TO VISIT WITH HIM AT THE DEC. 1977 AFL-CIO CONVENTION IN LOS ANGELES (SEPTEL).

4. WAGES IN MEXICO, WHILE THEY IN NO CASE APPROACH U.S. LEVELS, RANGE FROM BELOW THE SOUTHERN MEXICO LEGAL MINIMUMS FOR FARM LABOR OF TWO U.S. DOLLARS PER DAY TO THE HIGHEST COVERED BY COLLECTIVE CONTRACT, CERTAIN POSITIONS IN THE RUBBER INDUSTRY WHICH PRESENTLY RECEIVE 1400 PESOS (OR 62 U.S. DOLLARS) PER DAY.

5. VELASQUEZ TOLD THE AMBASSADOR WHAT EVERYONE IN MEXICO KNOWS, THAT "OUR COUNTRY IS UNDERGOING ONE OF ITS MOST SERIOUS ECONOMIC CRISES. THE CTM AND THE CONGRESS OF LABOR HAVE COMMITTED OURSELVES TO SUPPORT PRESIDENT LOPEZ PORTILLO'S AUSTERITY POLICY. TO DATE, WE HAVE BEEN MORE THAN REASONABLE IN OUR WAGE DEMANDS AND AS A RESULT OUR WORKERS HAVE LOST CONSIDERABLE PURCHASING POWER. WE DO NOT EXPECT THAT THE ECONOMIC SITUATION WILL BE SOLVED DURING THE NEXT YEAR, BUT WE SHOULD SEE SOME IMPROVEMENT. OUR WAGE DEMANDS FOR THE COMING YEAR WILL BE LESS REASONABLE--WE CANNOT COMPARE AT THE PRESENT LEVEL OF LIMITED OFFICIAL USE

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LOSSES--BUT WE WILL CONTINUE TO SUPPORT THE PRESIDENT AND MAINTAIN OUR HISTORIC RELATIONSHIP WITH THE PRI."

6. WHEN ASKED BY THE AMBASSADOR AS TO WHAT THE U.S. GOVERNMENT MIGHT DO TO HELP IN THE CREATION OF JOBS, VELASQUEZ OFFERED NO SPECIFIC SOLUTIONS BUT SUGGESTED MORE INVESTMENT OF CAPITAL IN "PERMANENT TYPE INDUSTRY SUCH AS AUTO, RUBBER AND SUGAR. THE BORDER INDUSTRIES (MAQUILADORAS) HAVE HELPED CONSIDERABLY IN ALLEVIATING UNEMPLOYMENT IN THE NORTHERN STATES. WE WOULD LIKE TO SEE MORE OF IT, BUT PREFER TO SEE THE GROWTH OF ENTERPRISE WHICH IS LESS AFFECTED BY THE FLUCTUATIONS OF THE U.S. MARKET." WHEN ASKED HIS OPINION OF LABOR RELATIONS IN THE IN-BOND INDUSTRIES, VELASQUEZ OFFERED THAT THEY "ARE EXCELLENT. WE (THE CTM) SEE TO IT THAT THEY ARE ORGANIZED BY US AND THAT NO MAJOR LABOR DISPUTES OCCUR".

7. AT THE FIRST OF SEVERAL SUGGESTIONS THAT WE MIGHT BE TAKING TOO MUCH OF HIS TIME, VELASQUEZ SAID HE HAD ARRANGED THAT THERE BE NO OTHER APPOINTMENTS. "I AM QUITE PLEASED AND HONORED BY YOUR VISIT, MR. AMBASSADOR. I HAVE OCCUPIED THIS SEAT FOR MORE THAN 40 YEARS. YOU ARE THE

FIRST U.S. AMBASSADOR TO MAKE A CALL ON ME, HERE. OTHERS
HAVE BEEN IN THIS OFFICE BUT ONLY TO ACCOMPANY VISITORS
SUCH AS GOVERNOR ROCKEFELLER, WHO CAME TO SEE ME. I KNOW
SOMETHING OF YOUR FRIENDSHIP WITH THE AMERICAN LABOR
MOVEMENT AND YOUR RECORD IN SOCIAL LEGISLATION IN YOUR
STATE. FOR THESE REASONS I AM VERY HONORED. I

HOPE THIS WILL NOT BE OUR LAST VISIT. CONSIDER THIS HOUSE
AS YOUR OWN."

8. COMMENT: THE LABOR ATTACHE, WHO HAS MET WITH VEL-
ASQUEZ ON A NUMBER OF OCCASIONS, HAS NEVER SEEN HIM SO

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OPEN AND RECEPTIVE. HE OBVIOUSLY WAS AS TOUCHED BY THE
VISIT AS HIS REMARKS INDICATE. HIS REMARKS ON LABOR'S
POSITION REGARDING JLP ECONOMIC POLICIES LEAVE LITTLE
DOUBT THAT THE 95 PERCENT OF ORGANIZED LABOR WHICH HE
CONTROLS IS IN FOR ANOTHER YEAR OF BELT-TIGHTENING. WE
GATHER FROM FIDEL'S STATEMENTS THAT HE INTENDS HOLDING
WAGES TO THE LOWEST LEVELS WHICH HIS SECONDARY LEADERSHIP
AND MEMBERS WILL TOLERATE. LUCEY

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